

Message Text

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TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

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E.O. 11652: GDS

TAGS: EGEN, ECON, XC, XE, XP

SUBJECT: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT,
AUGUST ,0, 1977

1. U.S.-ASEAN CONSULTATIONS (LIMITED OFFICIAL USE)

ASEAN HAS FINALLY BEGUN A SERIES OF PREPARATORY MEETINGS FOR THE U.S.-ASEAN TALKS AND WE ARE RECEIVING SOME OF THE RESULTS. SINCE THEIR PROCESS WILL ONLY END THE DAY BEFORE THE TALKS OPEN WE WILL NOT KNOW FOR SURE WHAT THEY ARE LIKELY TO RAISE AND IN WHAT FORM. HOWEVER, SO FAR WE HAVE ANTICIPATED MOST OF THE LIKELY TOPICS. THE ONLY SUBSTANTIVE CHANGE IS THAT THEY WILL BRIEF US ON THE ASEAN INDUSTRIALIZATION PROGRAM, UNDOUBTEDLY EXPECTING THAT WE WILL SHOW SOME INTEREST IN ASSISTING. SHOULD THIS BE THE CASE WE WILL MOST LIKELY URGE AN ADB ROLE INCLUDING THAT

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OF CATALYST FOR CO-FINANCING. APPARENTLY THERE IS NOT GOING TO BE AN APPEAL FOR U.S. PARTICIPATION IN A STA0EX SCHEME, ONLY A MORE GENERALIZED REQUEST FOR EXPORT EARNING STABILIZATION. ASEAN IS SEEKING SOME QUOTE CONCRETE RESULTS UNQUOTE FROM TH: TALKS AND INSTITUTIONALIZATION OF FUTURE MEETINGS. WE ARE RESPONDING THAT WHILE WE SHARE ASEAN'S VIEW FOR A CON;INUATION OF THE DIALOGUE

THE SPECIFIC FOLLOW-UP MACHINERY ,HOULD BE DECIDED IN
COURSE OF AND IN LIGHT OF THE UPCOMING CONSULTATIONS.

2. ROK INTEREST IN ASEAN (CONFIDENTIAL)

SEVERAL OF OUR EMBASSIES IN ASEAN CAPITALS HAVE REPORTED
ON REPUBLIC OF KOREA INTEREST IN ESTABLISHING A DIALOGUE
WITH ASEAN. ACCORDING TO ONE SOURCE, THE ROK HAS ALREADY
MADE A FORMAL PROPOSAL AND EXPECTS THE MATTER TO BE
DISCUSSED AT THE SEPT. 2-4 ASEAN ECONOMIC MINISTERS'
MEETING IN PATTAYA, THAILAND. THE ROK OFFER REPORTEDLY
SUGGESTS THE POSSIBILITY OF TECHNICAL COOPERATION,
PARTICULARLY IN SUCH FIELDS AS RICE CULTURE AND
INDUSTRIALIZATION. ASIDE FROM SUCH GENERAL OBJECTIVES
AS PROMOTING GREATER REGIONAL COHESION, THERE IS A
LEGITIMATE BASIS FOR SPECIFIC ECONOMIC COOPERATION
BETWEEN KOREA AND ASEAN. KOREAN IMPORTS FROM ASEAN
COUNTRIES IN 1976 EXCEEDED 450 MILLION DOLLARS, CONSISTING
PRINCIPALLY OF SUCH RAW MATERIALS AS LOGS, RUBBER AND
SUGAR. ALTHOUGH KOREAN EXPORTS TO ASEAN ARE CURRENTLY
VERY MODEST, KOREA HAS CONSIDERABLE POTENTIAL FOR
GRADUALLY REPLACING JAPAN AS A SUPPLIER OF VARIOUS
INTERMEDIATE MATERIALS AND INDUSTRIAL EQUIPMENT. KOREA
ALSO HAS A WEALTH OF DEVELOPMENT EXPERIENCE WHICH COULD
BE OF BENEFIT TO THE LESS ADVANCED ASEAN COUNTRIES.

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3. ASIAN DEVELOPMENT BANK - VICE PRESIDENCY
(LIMITED OFFICIAL USE)

AFTER SUBSTANTIAL DISCUSSION AMONG AID, EB, EA AND
TREASURY, WE WERE ABLE TO REQUEST THE U.S. ED TO THE ADB
TO EXPRESS OUR CONCERN OVER: 1) THE NON-U.S. CANDIDATE
FOR ONE VICE-PRESIDENCY SLOT (BAMBAWALE) AND,
MORE IMPORTANTLY, 2) THE PROBLEMS OF THE PROPOSED AREAS
OF SUPERVISION AND LEVEL OF RESPONSIBILITY FOR THE
SECOND VICE PRESIDENT, AS PRESENTLY ENVISAGED BY THE
BANK STAFF. WE ARE PARTICULARLY CONCERNED THAT THE
SECOMD VICE PRESIDENT WOULD SUPERVISE DEPARTMENTS OF THE
BANK WITH LESS POLICY INPUT; WOULD BE CONSIDERED JUNIOR
TO THE OTHER VICE PRESIDENT; AND, WITHOUT SOME ASSURANCES,
COULD BE EXCLUDED FROM THE DECISION MAKING APPARATUS OF
THE BANK. FAILURE TO REACH SOME AGREEMENT ON THESE ISSUES
IS LIKELY TO CAUSE PROBLEMS IN LOCATING A QUALIFIED U.S.
CANDIDATE FOR THE SECOND VICE PRESIDENCY SLOT. IF IT
TURNS OUT TO BE INFEASIBLE TO PERSUADE PRESIDENT YOSHIDA
TO MODIFY HIS PROPOSAL TO US AND TO ACCEPT COEQUAL RANKING
OF THE TUO V.P.'S, WE HAVE URGED POSTPONEMENT OF ANY
DECISION UNTIL WE CAN DISCUSS THE ISSUE WITH HIM IN

WASHINGTON DURING THE IMB/IBRD MEETING ON SEPT. 26-27.

4. RUBBER (LIMITED OFFICIAL USE)

THE ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES (ANRPC) WILL MEET IN KUALA LUMPUR OCTOBER 3 TO DECIDE HOW TO IMPLEMENT THE ANRPC RUBBER AGREEMENT. THE ANRPC PLANS TO PROCEED WITH ITS BUFFER STOCK ARRANGEMENTS DESPITE THE UNCTAD RUBBER DISCUSSIONS SINCE THE ANRPC BELIEVES THAT IT WILL BE SOME TIME BEFORE THE UNCTAD DISCUSSIONS WILL RESULT IN AN AGREEMENT. SINGAPORE, ALTHOUGH NOT ENTHUSIASTIC ABOUT THE ANRPC AGREEMENT IS WILLING TO RATIFY IT, PARTLY FOR THE SAKE OF ASEAN SOLIDARITY.
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5. GSP/OPEC (CONFIDENTIAL)

H HAS STARTED CONSULTATIONS WITH CONGRESSIONAL STAFFERS CONCERNING THE ADMINISTRATION'S PROPOSAL FOR LEGISLATION WHICH WOULD ALLOW THE PRESIDENT TO DESIGNATE OPEC COUNTRIES AS ELIGIBLE FOR GSP IF HE DETERMINED IT WAS IN THE NATIONAL ECONOMIC INTEREST. THE STAFFERS WERE NOT OVERLY SANGUINE ABOUT THE CHANCES OF PASSAGE STATING THAT THE TIMING WAS NOT AUSPICIOUS AS THE ENERGY BILL WAS STILL BEFORE CONGRESS. THEY ALSO POINTED OUT THAT ANY ATTEMPT TO AMEND THE TRADE ACT WOULD OPEN THE DOOR FOR OTHER AMENDMENTS (HUMAN RIGHTS).
CHRISTOPHER

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